

APRIL 10, 2015

## CARE REVISES THE RATING ASSIGNED TO THE BANK FACILITIES OF TV VISION LIMITED

### Ratings

| Facilities                    | Amount<br>(Rs. crore)          | Ratings <sup>1</sup>                                            | Remarks                                                                             |
|-------------------------------|--------------------------------|-----------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Long-term Bank<br>Facilities@ | 23.36<br>(enhanced from 15.15) | <b>CARE BBB(SO)</b><br><b>[Triple B(Structured Obligation)]</b> | <b>Revised from CARE BBB-(SO)</b><br><b>[Triple B Minus(Structured Obligation)]</b> |

@ The facilities are backed by joint and several guarantee extended by parent company Sri Adhikari Brothers Television Network Ltd (SABTNL, rated CARE BBB), group company i.e. Westwind Realtors Private Limited and promoters

### Rating Rationale

The rating assigned to bank facilities of TVVL is not a standalone rating and is based on the credit enhancement in the form of corporate guarantee provided by parent company SABTNL.

### Rating Rationale of SABTNL (guarantor)

The revision in the rating assigned to the long-term bank facilities of Sri Adhikari Brothers Television Network Ltd. (SABTNL) takes into account positively the improvement in capital structure due to reduction in debt post equity infusion. The ratings continue to view favourably the established track record of the promoters in the Media & entertainment (M&E) industry, sustained profitability from content business, and turnaround in the performance of channels launched in the broadcasting segment combined with cost synergy with respect to arrangement for the programming content within the group and reduction in the carriage fees.

The above strengths are partially offset due to moderate scale of operations, recurring investment with respect to content creation/acquisition, and residual project execution risk with respect to setting up of a studio. The ratings further are constrained due to vulnerability of advertisement revenue to the economic slowdown and intense competition in the music channel genre and regional general entertainment channel (R-GEC) space.

Ability of company to further scale up profitable operations, maintain capital structure below unity and timely breakeven of channels constitute the key rating sensitivities.

### Background

TVVL, a wholly owned subsidiary of SABTNL launched a music and comedy channel viz. "Mastiii" in July, 2010. The commercial operation of the channel began from September, 2010. SABTNL, incorporated in 1994, was promoted by Mr. Gautam Adhikari and Mr. Markand Adhikari (Sri Adhikari Brothers). It is engaged in the business of content production and syndication in India since 1990s. At present, the group operates in two segments i.e. (i) content production and distribution/syndication and (ii) broadcasting. SABTNL operates music channel "Mastiii" and R-GECs such as "Dabangg", "Dhamaal", "Maiboli" through its subsidiaries and step-down subsidiaries.

During FY14 (refers to period from April 1 to March 31), TVVL reported a total income of Rs.58.58 crore and PAT of Rs.2.49 crore as compared to total income of Rs.55.02 crore and PAT of Rs.1.88 crore in FY13. During H1FY15, TVVL reported a total income of Rs.31.63 crore.

On a consolidated basis, SABTNL reported a total income of Rs.179.70 crore and PAT of Rs.4.83 crore during FY14 as compared to total income of Rs.160.70 crore and PAT of Rs.0.89 crore during FY13.

<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

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